

## Memorandum

435.0755

Return Review Section  
Attn: Nicole Gugger - Tax Representative

May 15, 1992

Elizabeth Abreu  
Tax Counsel

ATSS 324-8208  
(916) 454-8208

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E--- F---

SR – XX-XXXXXX

This is in response to your memorandum dated March 13, 1992. Pursuant to the Board's inquiry, the above-named taxpayers explained that their deduction on line 6 of their 1991 fiscal year return represented their charges for embroidering used clothing. You ask whether Regulation 1524(b), relating to alterations to new clothing, applies to these charges.

Regulation 1524(b) addresses a particular application of Revenue and Taxation Code section 6006(b) which includes in the definition of sale the producing, fabricating, processing, etc. of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the producing, fabricating, processing etc. This regulation only applies where new, not used, clothing is altered and therefore does not apply to this case.

We believe that unless there is something unusual about the embroidery work (such as converting the clothing into a work of art), embroidering used clothing is similar to making repairs and that the repair rules under Regulation 1546 should apply. Unless the retail value of the thread was more than 10 percent of the total charges or the taxpayers separately charged for the thread (both of which are doubtful), none of the taxpayers' charges for embroidery work are taxable. Instead, the taxpayers are the consumers of the thread.

If you have further questions, please call me at 324-8208.

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cc: --- District Administrator